

LUZ DEL MUNDO  
(LIGHT OF THE WORLD), INC.

FINANCIAL STATEMENTS

April 30, 2011

Charles A. Krblich, P.A.

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*Certified Public Accountants*

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Luz Del Mundo (Light of the World), Inc.

We have audited the accompanying statement of financial position of Luz Del Mundo (Light of the World), Inc. (a nonprofit organization) as of April 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Luz Del Mundo (Light of the World), Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Luz Del Mundo (Light of the World), Inc. as of April 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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Fort Lauderdale, Florida  
November 9, 2011

Luz Del Mundo (Light of the World), Inc.

STATEMENT OF FINANCIAL POSITION

April 30, 2011

ASSETS

Current assets	
Cash and cash equivalents	\$ 106,312
Certificate of deposit	214,648
Grant receivable	15,000
Pharmaceutical inventory	286,657
Prepaid expenses	<u>580</u>
Total current assets	623,197
Property and equipment - net	13,889
Other assets, principally deposits	<u>3,640</u>
Total assets	<u>\$ 640,726</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ <u>6,961</u>
Total current liabilities	6,961
Net assets	
Unrestricted net assets	572,425
Temporarily restricted net assets	<u>61,340</u>
Total net assets	<u>633,765</u>
Total liabilities and net assets	<u>\$ 640,726</u>

See accompanying notes to the financial statements.

## Luz Del Mundo (Light of the World), Inc.

## STATEMENT OF ACTIVITIES

For the year ended April 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenues				
Grants and donations	\$ 117,177	\$ 88,450	\$ -	\$ 205,627
In kind donations	661,262	-	-	661,262
Other revenues				
Interest income	688	-	-	688
Fees for service	17,651	-	-	17,651
Net assets released from restrictions				
Restrictions satisfied by purpose	<u>74,514</u>	<u>(74,514)</u>	<u>-</u>	<u>-</u>
Total public support and revenues	871,292	13,936	-	885,228
Expenses				
Program Services	768,326	-	-	768,326
Supporting Services	<u>55,823</u>	<u>-</u>	<u>-</u>	<u>55,823</u>
Total expenses	<u>824,149</u>	<u>-</u>	<u>-</u>	<u>824,149</u>
Change in net assets	47,143	13,936	-	61,079
Net assets, beginning of year	<u>525,282</u>	<u>47,404</u>	<u>-</u>	<u>572,686</u>
Net assets, end of year	<u>\$ 572,425</u>	<u>\$ 61,340</u>	<u>\$ -</u>	<u>\$ 633,765</u>

See accompanying notes to the financial statements.

## Luz Del Mundo (Light of the World), Inc.

## STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2011

	Program Services	Administrative	Fundraising	Totals
Personnel and related expenses				
Salaries	\$ 45,593	\$ -	\$ -	\$ 45,593
Payroll taxes	3,621	-	-	3,621
Health insurance	8,423	-	-	8,423
	<u>57,637</u>	<u>-</u>	<u>-</u>	<u>57,637</u>
Total personnel and related expenses				
Other expenses				
Medical professionals - donated services	333,621	-	-	333,621
Pharmaceutical supplies - donated	264,696	-	-	264,696
Accounting	-	2,200	-	2,200
Advertising and promotion	-	625	-	625
Building occupancy	24,775	2,753	-	27,528
Consulting services	38,370	12,790	23,288	74,448
Medical records clerk	5,942	-	-	5,942
Insurance	3,759	1,334	-	5,093
Lab fees	8,012	-	-	8,012
Licenses and permits	-	453	-	453
Medical supplies	4,181	-	-	4,181
Miscellaneous	-	2,487	-	2,487
Nutritionist	320	-	-	320
Office expense	6,798	1,771	-	8,569
Professional fees	-	6,000	-	6,000
Postage	-	753	-	753
Repairs and maintenance	1,436	-	-	1,436
Community education and outreach	12,348	-	-	12,348
Telephone	2,130	532	-	2,662
Waste removal	377	-	-	377
	<u>706,765</u>	<u>31,698</u>	<u>23,288</u>	<u>761,751</u>
Total other expenses				
Total expenses before depreciation	764,402	31,698	23,288	819,388
Depreciation	3,924	837	-	4,761
Total expenses	<u>\$ 768,326</u>	<u>\$ 32,535</u>	<u>\$ 23,288</u>	<u>\$ 824,149</u>

See accompanying notes to the financial statements.

Luz Del Mundo (Light of the World), Inc.

STATEMENT OF CASH FLOWS

For the year ended April 30, 2011

Cash flows from operating activities:	
Cash received from donors and others	\$ 234,828
Interest received	688
Cash paid to employees and vendors	(217,044)
Interest paid	-
Income taxes paid	-
	<u>18,472</u>
Net cash provided by operating activities	
Cash flows from investing activities:	
Purchase of property and equipment	(11,116)
Maturity of certificate of deposit	213,960
Purchase of certificate of deposit	<u>(214,648)</u>
Net cash (used in) investing activities	
	<u>(11,804)</u>
Net increase in cash and cash equivalents	
	6,668
Cash and cash equivalents, beginning of year	
	<u>99,644</u>
Cash and cash equivalents, end of year	
	<u>\$ 106,312</u>
Reconciliation of change in net assets to cash provided by operating activities:	
Change in net assets	\$ 61,079
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,761
Change in donated inventory	(63,090)
Changes in assets (Increase) Decrease:	
Grants receivable	(3,450)
Donations receivable	15,000
Prepaid expenses	1,776
Changes in liabilities Increase (Decrease):	
Accounts payable and accrued expenses	<u>2,396</u>
Total adjustments	
	<u>(42,607)</u>
Net cash provided by operating activities	
	<u>\$ 18,472</u>

See accompanying notes to the financial statements.

Luz Del Mundo (Light of the World), Inc.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Luz Del Mundo (Light of the World), Inc. (the "Clinic") is a not for profit corporation formed in Florida, operating to provide health care services to residents of the Fort Lauderdale area who are unable to pay. Area physicians and a member of the clergy formed the Clinic on July 21, 1989.

The Clinic provides free preventative health care and medical service programs without charge for community residents who cannot afford to pay. Payments for laboratory tests and medical services (labs, EKGs, Pap smears, biopsies, and sonograms) are sometimes received from its patients on a voluntary basis.

The significant accounting policies are as follows:

Basis of Accounting and Reporting

The financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America as outlined in the Financial Accounting Standards Board *Accounting Standards Codification* ("ASC"). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time the liabilities are incurred.

Financial Statement Presentation

Financial statement presentation follows the Financial Accounting Standards Board ASC 958 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations"). Under FASB ASC 958-205, the Clinic is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restriction. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction. Accordingly, for reporting purposes, net assets of the Clinic and changes therein are classified as follows:

Luz Del Mundo (Light of the World), Inc.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2011

NOTE A – CONTINUED

Financial Statement Presentation – continued

Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted – Net assets whose use by the Clinic is limited by donor-imposed stipulations that can be fulfilled by either passage of time or by actions of the Clinic pursuant to those stipulations. At April 30, 2011, the Clinic has temporarily restricted net assets totaling \$61,340. See Note F.

Permanently Restricted – Net assets whose use by the Clinic is limited by donor-imposed stipulations that are neither fulfilled with the passage of time nor otherwise removed by actions of the Clinic. At April 30, 2011, the Clinic has no permanently restricted net assets.

Fair Value of Financial Instruments

Assets, including cash and receivables are carried at amounts, which approximate fair value. Liabilities are carried at amounts, which approximate fair value.

Contributions

The Clinic also adopted FASB ACS 958-605 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made"). In accordance with FASB ACS 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Luz Del Mundo (Light of the World), Inc.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2011

NOTE A – CONTINUED

Public Support, Revenues and Operations

Annual contributions are generally available for unrestricted use unless specifically restricted by the donor. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Clinic is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions, except for income that is unrelated to the purpose of the organization. For the year ended April 30, 2011 no provision for income taxes was required.

The Clinic's income tax filings are subject to audit by various taxing authorities. The Clinic's open audit periods are 2007-2010. In evaluating the Clinic's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Clinic believes their estimates are appropriate based on current facts and circumstances. The Organization's policy on statement of activities classification of interest and penalties related to income tax obligations, if any, is to include such items as part of interest expense and miscellaneous expense, respectively.

Cash and Cash Equivalents

The Clinic considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Luz Del Mundo (Light of the World), Inc.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2011

NOTE A – CONTINUED

Property, Equipment and Depreciation

Property and equipment, with an estimated life of greater than one year, is recorded at cost or at estimated fair market value at the date of the gift, if donated. Depreciation is provided for using the accelerated and straight-line methods over the estimated useful lives of the assets. The following useful lives are used in determining depreciation:

	<u>Estimated Useful Life</u>
Furniture	7 years
Equipment	5 years
Leasehold Improvements	8 years

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services that benefited.

Revenue Recognition - Grant Allocation

Grant allocations are recorded as earned. Expenditures are made in accordance with the terms of the contracts.

Advertising Costs

The Clinic expenses the costs of advertising as incurred.

Date of Management Review

In preparing the financial statements, the Clinic has evaluated events and transactions for potential recognition or disclosure through the date of this report. That date is the date the financial statements were available to be issued.

NOTE B – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Clinic to concentrations of credit risk are cash and time deposits. At various times during the year the Clinic had deposits in financial institutions in excess of the federally insured limits. At April 30, 2011 the Clinic had no deposits in excess of federally insured limits.

Luz Del Mundo (Light of the World), Inc.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2011

NOTE C – DONATED SERVICES, MATERIALS AND FACILITIES

Donated materials and services are reflected at their estimated fair market value, or donor's basis, whichever is lower, at the date of contribution. The Clinic receives contributions of materials and medical services. Total in kind contributions for the year ended April 30, 2011 are as follows:

Services of medical professionals	\$ 333,476
Medical supplies, pharmaceuticals	<u>327,786</u>
Total	<u>\$ 661,262</u>

Contributions of medical services and supplies are recorded as both income and expense in the statement of activities. Contributions of pharmaceuticals are recorded as income in the statement of activities and as inventory in the statement of financial position.

NOTE D – PHARMACEUTICAL INVENTORY

The Clinic receives donations of pharmaceuticals which management believes are significant to the Clinic's ability to serve its patients and accomplish the goal of providing preventative health care. An inventory of pharmaceuticals on hand is conducted at year-end to provide a basis for determining usage of pharmaceuticals. As stated in Note C, the pharmaceutical inventory on hand is recorded as income in the statement of activities and as inventory in the statement of financial position. Inventory is valued at average wholesale price for financial statement purposes.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at April 30, 2011:

Office furniture	\$ 7,465
Computer equipment	5,648
Medical equipment	55,344
Leasehold improvements	<u>187,197</u>
	255,654
Less accumulated depreciation	<u>(241,765)</u>
Property and equipment, net	<u>\$ 13,889</u>

Depreciation expense for the year ended April 30, 2011 is \$4,761.

Luz Del Mundo (Light of the World), Inc.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2011

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets that are available for the following uses as of April 30, 2011 are as follows:

Medical staff	\$ 51,590
Purchase medical supplies	<u>9,750</u>
Total temporarily restricted net assets	<u>\$ 61,340</u>

NOTE G – COMMITMENTS

Lease Agreements

The Clinic conducts its business from leased facilities. During the fiscal year the lease expired and is currently on a month to month basis. Rent expense for the year ended April 30, 2011 was \$21,600.